

RICK SNYDER GOVERNOR

# STATE OF MICHIGAN STATE BUDGET OFFICE LANSING

JOHN S. ROBERTS DIRECTOR

# November 26, 2014

The Honorable Roger Kahn, Chair Senate Appropriations Committee Michigan State Senate State Capitol Lansing, Michigan 48909

The Honorable Joseph Haveman, Chair House Appropriations Committee Michigan House of Representatives State Capitol Lansing, Michigan 48909

# Dear Legislators:

Attached is the monthly financial report for the month ending October 31, 2014. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports".

If you have questions concerning the information in this report, please contact this office.

Sincerely,

John S. Roberts

State Budget Director

## Attachment

c: Governor Rick Snyder Randy Richardville, Sen. Maj. Leader Jase Bolger, Speaker of the House Tim Greimel, House Min. Leader Senate Appropriations Committee House Appropriations Committee Senate Fiscal Agency

House Fiscal Agency Jack Brandenberg, Chair, Senate Finance Com. Gretchen Whitmer, Senate Min. Leader Jeff Farrington, Chair, House Tax Policy Com. Beth Clement, Deputy Chief of Staff Dick Posthumus, Executive Office Mike Moody, Office of Financial Management Nancy Duncan, Deputy State Budget Director Internal State Budget Office Distribution

# GENERAL FUND, GENERAL PURPOSE

## Fiscal Year 2015

# Projected Revenues and Expenditures October 31, 2014

(\$ in millions)

FISCAL 2015

7.0

Beginning Balance, October 1, 2014	566 Or	2015 le-time revenue
Degining Dalance, October 1, 2014	300 UI	te-time revenue
Current Year GF/GP Revenues, May 2014 Consensus Estimate	\$	9,826.0
Revenue Adjustments:		
Local Government Program Payments	\$	(459.2
General Fund share of HMO use tax collections - PA 161 of 2014	\$	392.9
Venture Michigan Fund	\$	(38.1
Other revenue adjustments	\$	(15.2
Subtotal Additional Revenue Adjustments	\$	(119.6
Total FY Resources Available For Expenditure GF/GP - Ongoing	\$	9,706.4
Expenditures, Current Law:		
	•	0.500.0
FY 2015 Enacted with Vetoes	\$	9,599.3
Total Expenditures Projected - Ongoing	\$	9,599.3
Current Year Revenues minus Ongoing Costs	\$	107.1
Beginning Balance (One-Time Revenue)	\$	490.0
Local Government Program Payments	\$	(8.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	481.2
One-Time Spending Items:		
PA 196, PA 252, and PA 282 of 2014	\$	581.3

<sup>&</sup>lt;sup>1</sup> This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2014. Final year-end activity will be reflected in the fiscal year 2014 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2015.

Projected Ending Balance, September 30, 2015

# Fiscal Year 2015 **Projected Revenues and Expenditures** October 31, 2014

(\$ in millions)

**FISCAL** 2015

		2015
Beginning Balance , October 1, 2014	see	one-time revenu
Current Year School Aid Fund Revenues, May 2014 Consensus Estimate	\$	11,853.3
Revenue Adjustments:		
Personal Property Tax Reform Approval (PA 80 of 2014)	\$	(10.0
Personal Property Tax Reform Holdharmless General Fund	\$	19.9
Use Tax Revision (PA 161 of 2014)	\$	196.4
Various Legislation (PA 240, 248 and 298 of 2014); Court Decision	\$	(5.8
Venture Michigan Fund	\$	(11.9
MPSERS Reserve Fund	\$	18.0
General Fund	\$	95.0
Federal Revenue	\$	1,808.2
Subtotal Additional Revenue Adjustments	\$	2,109.8
Total FY Resources Available for Expenditure School Aid Fund	\$	13,963.1
School Aid Ongoing Costs		
PA 196 of 2014	\$	13,494.1
Community Colleges Ongoing Costs		
PA 196 of 2014	\$	197.6
Universities Ongoing Costs		
PA 196 of 2014	\$	200.5
Total School Aid Fund Ongoing Costs Projected	\$	13,892.2
Current Year Revenues minus Ongoing Costs	\$	70.9
Beginning Balance (One-Time Revenue)	\$	310.0
One-Time Spending Items		
PA 196 of 2014 School Aid	\$	376.2
PA 196 of 2014 Higher Education	\$	4.0
One-Time Revenue minus One-Time Spending	\$	(70.2
Projected Ending Balance, September 30, 2015	\$	0.7

<sup>&</sup>lt;sup>1</sup>This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2014. Final year-end activity will be reflected in the fiscal year 2014 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2015.

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES **GENERAL FUND GROSS**

October 31, 2014 (\$ IN MILLIONS)

**FISCAL YEAR 2014** 

# **FISCAL YEAR 2015**

2 C C C C	Eigen Versia					
Exp & Enc Yr-to-date	riscal rear End	DEPARTMENT	loitial	Exec. Orders	Exp & Enc	Exp & Enc
FY 2014	SEP 30, 2014		Approp	Approp.*	2014	rr-to-date FY 2015
3.1	70.9	Agriculture and Rural Development	84.5	116	3.5	, , , , , , , , , , , , , , , , , , ,
2.9	81.3	Attorney General	92.6	0.0	1.0	2.C
38.5	314.6	Capital Outlay**	321.8	0.0	39.2	20.0%
0.5	14.1	Civil Rights	16.6	0.0	50	4.00
114.5	1,356.4	Colleges & Universities	1,479.1	0.0	120.0	120.0
1,146.7	15,302.8	Community Health	18,147.0	300.0	1.423.6	1.423.6
126.8	1,946.7	Corrections	2,022.2	0.0	118.2	118.2
12.2	382.4	Education	287.1	0.6	8.1	1 6
4.4	254.8	Environmental Quality	473.9	35.6	4.5	4.5
0.4	5.1	Executive Office	5.9	0.0	0.4	0.4
435.4	5,480.5	Human Services	5,966.8	0.0	385.0	385.0
	61.6	Insurance and Financial Services	65.2	0.0	4.1	14
6.8	232.1	Judiciary	287.8	0.0	10	5.6
0.0	1.8	Land Bank Fast Track Authority	4.0	0.0	0.0	0.0
0.8	20.2	Legislative Auditor General	22.2	0.0	0.7	0.7
7.9	115.0	Legislature	128.9	0.4	7.6	7.6
9.7	251.8	Licensing and Regulatory Affairs	326.4	54.2	48.3	48.3
6.5	128.4	Military Affairs	140.7	0.0	6.4	6.4
2.7	72.1	Natural Resources	126.6	14.1	6.6	6.6
0.0	0.0	School Aid	0.0	0.0	0.0	0.0
6.3	198.5	State	224.0	9.7	5.4	5.4
18.0	6'929	State Police	638.8	14.7	16.6	16.6
15.9	992.5	Technology, Management & Budget***	420.1	94.0	18.3	18,3
0.0	221.6	Transportation	282.6	0.0	22.0	22.0
281.4	1,733.5	Treasury	1,838.9	72.3	303.7	303.7
16.7	215.4	Michigan Strategic Fund	240.7	24.1	40.8	40.8
0		THE PARTY OF THE P				
\$2,258.3	\$30,030.7		\$33,644.4	\$639.6	\$2.586.9	£2 586 9

<sup>\*</sup>Includes boilerplate appropriations.
\*\*Includes all capital outlay activity regardless of agency
\*\*\*Includes Civil Service Commission

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2015 October, 2014 (\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,560.3	0.0	16,560.3
Total state spending from state resources	30,143.5	0.0	30,143.5
Percentage of state spending from state resources paid to local units	54.94%		54.94%
Required payments to local units (48.97%)	14,761.3		14,761.3
Surplus/(deficit)	\$1,799.0		\$1,799.0

# STATE OF MICHIGAN YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND

October 1, 2014 Through October 31, 2014 (in thousands)

# **REVENUES** Miscellaneous **Total Revenues EXPENDITURES** Current: General government **Total Expenditures** Excess of Revenues over (under) Expenditures OTHER FINANCING SOURCES (USES) Transfers from other funds 7,833 Transfers to other funds Total Other Financing Sources (Uses) 7,833 Excess of Revenues and Other Sources over (under) Expenditures and Other Uses 7,833 1

Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

# STATE OF MICHIGAN YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES MICHIGAN NATURAL RESOURCES TRUST FUND

October 1, 2014 through October 31, 2014 (in thousands)

# **REVENUES**

Taxes From federal agencies	\$ - -
From licenses and permits Miscellaneous	11,019
Total Revenues	11,019
EXPENDITURES	
Current: General government Conservation, environment, recreation, and agriculture	- 82 790
Capital outlay	
Total Expenditures	872
Excess of Revenues over (under) Expenditures	10,147
OTHER FINANCING SOURCES (USES)	
Proceeds from bond issues Proceeds from sale of capital assets Transfers from other funds Transfers to other funds	-
Total Other Financing Sources (Uses)	•
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 10,147

<sup>&</sup>lt;sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

## **REVENUE OVERVIEW**

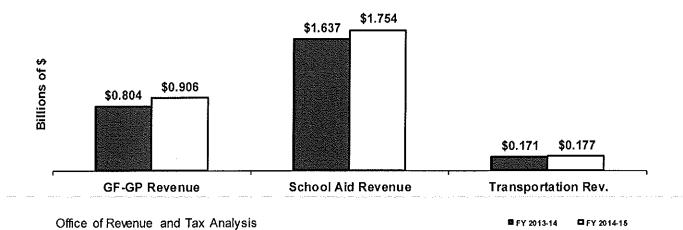
Office of Revenue and Tax Analysis Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for October 2014, representing some September and some October economic activity in Michigan.

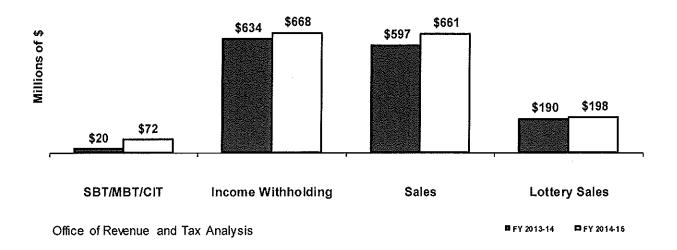
Total General Fund-General Purpose revenues were \$101.8 million (12.7 percent) higher in October 2014 than in October 2013. The October 2014 School Aid Fund revenues were \$117.4 million (7.2 percent) higher than in October 2013. October 2014 Transportation revenues were \$6.4 million (3.7 percent) higher than in October 2013 (see revenue table). October is the first month of the State's fiscal year (FY). Tax revenue received in October relating to economic activity prior to October will be accrued back to FY 2013-14. Likewise, any refunds paid out in October relating to FY 2013-14 liabilities will also be accrued back. Final FY 2013-14 revenue totals should be available in late December or early January.

FY 2014-15 revenue forecasts presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2014. The Statutory estimated revenue totals are also the May 2014 Consensus estimates. The net General Fund–General Purpose revenue forecast for FY 2014-15 is \$9,826.0 million. The net School Aid Fund revenue forecast is \$11,853.3 million, and the Transportation Funds revenue forecast is \$2,178.6 million. The next revenue conference will be held on January 16, 2015.

# October Collections FY 2013-14 and FY 2014-15



# October Revenue Collections FY 2013-14 and FY 2014-15



# Revenue Summary FY 2014-15 General Fund-General Purpose, School Aid, and Transportation Funds (in thousands)

For The Month Ended: October 31, 2014

I										KEVE	NEVENUE PROJECTIONS	
ı	October	ber	Difference	9		Year-to-Date	∽Date	Difference	92	FY 2013-14	FY 2014-15	FY 2014-15
ļ	2013	2014	Amount	Percent	SOURCE OF REVENUE	FY 2013-14	FY 2014-15	Amount	Percent	May 2014 Consensus	Statutory	May 2014
					Income Taxes							Sperios
	\$634,234	\$667,874	\$33,640	5.3%	Withholding	\$634,234	\$667,874	\$33,640	5.3%	\$8,281,100	\$8,568,600	\$8,568,600
	18,082	16,964	(1,117)	-6.2%	Quarterlies	18,082	16,964	(1117)	-6.2%	876,900	908,500	908,500
1	51,868	42,747	(9,121)	-17.6%	Annuals	51,868	42,747	(9,121)	-17.6%	790,800	825,700	825,700
	704,183	727,586	23,402	3.3%	Gross Collections	704,183	727,586	23,402	3,3%	\$9,948,800	\$10,302,800	\$10,302,800
	47,656	58,975	11,319	23.8%	Less: Refunds	47,656	58,975	11,319	23.8%	1,743,200	1,797,000	1,797,000
1	٥	o	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
	656,527	668,611	12,083	1.8%	Net Personal Income	656,527	668,611	12,083	1.8%	\$8,204,600	\$8,504,800	\$8.504.800
ł	161,504	167,136	5,632	3.5%	Less: Disbursements to SAF	161,504	167,136	5,632	3.5%	\$2,368,800	\$2,453,100	\$2,453,100
	\$495,023	\$501,475	\$6,452	1.3%	NET PERSONAL INCOME TO GF-GP	\$495,023	\$501,475	\$6,452	1.3%	\$5,835,800	\$6,051,700	\$6,051,700
					Consumption Taxes							
-	\$83,370	\$103,517	\$20,147	24.2%	Sales (a)	\$83,370	\$103,517	\$20,147	24.2%	\$1,134,200	\$1,187,000	\$1,187,000
9-	77,842	85,196	7,353	9.4%	Use (f)	77,842	85,196	7,353	9.4%	918,900	952,400	952.400
	15,611	16,422	811	5.2%	Tobacco	15,611	16,422	811	5.2%	187,000	182,900	182,900
	4,280	4,298	18	0.4%	Beer, Wine & Mixed Spirits	4,280	4,298	18	0.4%	51,500	52.000	52,000
1	36	28	(6)	-23.7%	Liquor Specific	36	28	6	-23.7%	45,000	46.000	46,000
	\$181,139	\$209,460	\$28,321	15.6%	TOTAL CONSUMPTION TAXES	\$181,139	\$209,460	\$28,321	15.6%	\$2,336,600	\$2,420,300	\$2,420,300
					Other Taxes							
	(\$5,927)	\$2,964	\$8,891	an	Single Business	(\$5,927)	\$2,964	\$8.891	2	(\$20,000)	(\$10,000)	(\$10,000)
	70,591	87,522	16,930	24.0%	Insurance Premiums Taxes	70,591	87,522	16,930	24.0%	346,500	396,000	396,000
	64,664	90,486	25,821	39.9%	Sub-total SBT & Insurance	64,664	90,486	25,821	39.9%	326,500	386,000	386,000
	(89,655)	(13,313)	76,342	85.2%	Michigan Business Tax	(89,655)	(13,313)	76,342	85.2%	(552,000)	(429,000)	(429,000)
	115,936	82,678	(33,258)	-28.7%	Corporate Income Tax	115,936	82,678	(33,258)	-28.7%	879,900	907,000	907,000
	-	(150)	(150)	22	Inheritance / Estate	•	(150)	(150)	na	0	٥	0
	328	319	(40)	-11.1%	Telephone & Telegraph	359	319	(40)	-11.1%	45,000	45,000	45,000
	5,612	3,380	(2,232)	-39.8%	Oil & Gas Severance	5,612	3,380	(2,232)	-39.8%	67,000	68,500	68,500
	11,342	12,008	999	5.9%	Penalties & Interest	11,342	12,008	999	2.9%	150,000	152,000	152,000
	٥	٠ <u>٠</u>	လ	28	Miscellaneous Other/Railroad	0	ιΩ	15	na	1,000	1,000	1,000
I	(11,083)	(11,167)	(83)	-0.8%	Treasury Enforcement Programs (e)	(11,083)	(11,167)	(83)	-0.8%	(133,000)	(134,000)	(134,000)
	\$97,176	\$164,247	\$67,071	69.0%	TOTAL OTHER TAXES	\$97,176	\$164,247	\$67,071	%0.69	\$784,400	\$996,500	\$996,500
	\$773,338	\$875,182	\$101,844	13.2%	SUBTOTAL GF-GP TAXES	\$773,338	\$875,182	\$101,844	13.2%	\$8,956,800	\$9,468,500	\$9,468,500
										_		

continued

# Revenue Summary FY 2014-15 General Fund-General Purpose, School Aid, and Transportation Funds (in thousands)

For The Month Ended: October 31, 2014

Percent Consensus Estimate  0.0% \$20,000 \$20,000  0.0% 1,000 1,000  0.0% 1,000 10,000  0.0% 10,000 10,000  0.0% 10,000 10,000  10.0% 10,000 10,000  10.0% 5362,500 476,200  112.% 2,372,800 2,403,700  112.% 2,375,600 3,083,600  112.% 2,375,600 476,200  112.% 2,375,600 1,241,300  37.4% 2,323,900 2,403,700  113.0% 45,500 24,100  5.2% 2,323,900 2,403,700  112.% 2,323,900 2,403,700  112.% 2,323,900 2,403,700  112.% 2,323,900 2,403,700  10.5% 2,323,900 2,403,100  10.5% 2,323,900 2,403,100  10.5% 2,323,900 2,403,700  10.5% 2,323,900 2,403,700  45,50% 1,378,400 1,428,600  5.2% 938,000 911,200  10.5% 1,378,400 1,428,600  5.2% 938,000 911,300  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,300  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,378,500  10.5% 1,378,400  10.5% 1,378,400  10.5% 1,300	Oct	October	Difference	ce		Year-to-Date	-Date	Difference	€D.	FY 2013-14	FY 2014-15	FY 2014-15
State   Stat	2013	2014	Amount	Percent	SOURCE OF REVENUE	FY 2013-14	FY 2014-15	Amount		May 2014 Consensus	Statutory Estimate	May 2014
\$1,67         \$0.00         CO.00         CO.00         CO.00         CO.00         \$20,00					Non-Tax Revenue (e)							
83         0         0.0%         Cond Adjections         83         83         1,000         1,0	\$1,667	\$1,667	\$0	%0.0	Federal Aid	\$1,667	\$1,667	0\$	0.0%	\$20,000	\$20,000	\$20,000
833         0 0.0%         Solvent         E83         853         853         10,000	æ	83	0	0.0%	Local Agencies	8	83	0	0.0%	1,000	1.000	1.000
823         0         0.0%         Ulcaracse & Parmiss         833         833         0         0.0%         11000         1000	833	833	0	0.0%	Services	833	833	0	%0.0	10,000	10,000	10,000
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	833	833	0	%0.0	Licenses & Permits	833	833	0	%0.0	10,000	10,000	10,000
8.477         0.00%         Mark. Non-target Revenue         8.477         0.00%         101,000	0	0	o	na	Investments/Interest Costs	0	0	a	멸	(2,500)	(4,000)	(4,000)
14.253   0.0 0.0%   Ligue Paralase Revolving Find   14.333   14.333   0.0 0.0	8,417	8,417	0	%0.0	Misc. Non-tax Revenue	8,417	8,417	0	%0.0	101.000	101,000	101 000
4,229         0         0,0%         From Other Funds-Lotery & Escheals         4,229         4,229         0,0%         51,000         46,000	14,333	14,333	0	0.0%	Liquor Purchase Revolving Fund	14,333	14,333	0	%0.0	172,000	173.500	173.500
\$20,417         \$0         0.0%         TOTAL NON-TAX REVENUE         \$20,417         \$50,417         \$50         \$50,417         \$50         \$50,417         \$50,417         \$50         \$50,410         \$50,417         \$50,417         \$50,417         \$50,417         \$50,417         \$50,417         \$50,518,300         \$50,525.00 <td>4,250</td> <td>4,250</td> <td>0</td> <td>0.0%</td> <td>From Other Funds-Lottery &amp; Escheats</td> <td>4,250</td> <td>4,250</td> <td>0</td> <td>0.0%</td> <td>51,000</td> <td>46,000</td> <td>46.000</td>	4,250	4,250	0	0.0%	From Other Funds-Lottery & Escheats	4,250	4,250	0	0.0%	51,000	46,000	46.000
\$270 580         \$101,844         12.7%         TOTAL GF-GP REVENUE         \$800,755         \$800,755         \$101,844         12.7%         \$2,319,300         \$9,825,000         \$3,925,000	\$30,417	\$30,417	\$0	0.0%	TOTAL NON-TAX REVENUE	\$30,417	\$30,417	\$0	%0.0	\$362,500	\$357,500	\$357,500
\$20,046         \$256,453         10.8%         \$20,646         \$256,453         10.8%         \$2,076,400         \$266,453         10.8%         \$2,076,500         \$2,083,600         \$2,083	\$803,755	\$905,598	\$101,844	12.7%	TOTAL GF-GP REVENUE	\$803,755	\$905,598	\$101,844	12.7%	\$9,319,300	\$9,826,000	\$9,826,000
\$270.540         \$256.453         10.8%         Sales Tax 4%         \$224,087         \$250.540         \$256.453         10.8%         \$3083.600         \$3083.60					School Aid Fund							
210.288         19.933         10.5%         Sales Tax 2%         19.033         10.5%         Sales Tax 2%         19.00%	\$244,087	\$270,540	\$26,453	10.8%	Sales Tax 4%	\$244.087	\$270 540	£26.453	10.8%	2 076 600	000 000 0	000 000 0
85210 46.288 119.0% Use Tax 2% (f) 35.921 65.210 46.288 119.0% 2.52.340 2.52.3340 2.52.340 2.32.340 2.52.340 2.	190,334	210,268	19,933	10.5%	Sales Tax 2%	190.334	210.268	19 933	10.5%	2 323 900	3,093,600	3,063,600
941.189         10.8Z7         1.2%         State Education Property Tax         930,342         941,169         10.8Z7         1.2%         7.879         37.4%         7.979         37.500         7.7500	38,921	85,210	46.288	119.0%	Use Tax 2% (f)	38 921	85 210	46.289	119.0%	200,020	476.200	726.200
28.949         7,879         37,4%         Real Estate Transfer Tax         21,070         28.949         7,879         37,4%         Real Estate Transfer (b)         0         0         0         0         0         0         0         0         0         775,000         775,	930,342	941,169	10,827	1.2%	State Education Property Tax	930.342	941.169	10.827	1 2%	1 788 000	1 844 300	1 841 300
0         0         na         Lottery Transfer (b)         0         0         na         775,000         776,000	21,070	28,949	7,879	37.4%	Real Estate Transfer Tax	21,070	28,949	7,879	37.4%	233,400	245.300	245.300
9.587         493         5.4%         108,000         112,000         112,000         112,000         112,000         112,000         112,000         112,000         112,000         112,000         45,500         45,	0	0	0	na	Lottery Transfer (b)	0	٥	0	na	775,000	776,000	776,000
0         na         Liquor Excise Tax         0         na         44,500         45,500	9,094	9,587	493	5.4%	Casino Wagering Tax	9,094	9,587	493	5.4%	108,000	112,000	112,000
33.340 1,647 5.2% Cigarette/Tobacco Tax 31,693 33,340 1,647 5.2% 5.2% 5.2% 5.2% 5.2% 5.2% 5.2% 5.2%	0	0	o	อ	Liquor Excise Tax	0	0	0	па	44,500	45,500	45,500
7,429         (938)         -11.2%         Indus. & Comm. Facilities Taxes         8,367         7,429         (938)         -11.2%         35,000         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         36,100         24,110         24,100	31,693	33,340	1,647	5.2%	Cigarette/Tobacco Tax	31,693	33,340	1,647	5.2%	359,500	350,400	350,400
634         (825)         -56.6%         Specific Other         1.459         634         (825)         -56.6%         24,100 </td <td>8,367</td> <td>7,429</td> <td>(938)</td> <td>-11.2%</td> <td>Indus, &amp; Comm. Facilities Taxes</td> <td>8,367</td> <td>7,429</td> <td>(938)</td> <td>-11.2%</td> <td>35,000</td> <td>36,100</td> <td>36,100</td>	8,367	7,429	(938)	-11.2%	Indus, & Comm. Facilities Taxes	8,367	7,429	(938)	-11.2%	35,000	36,100	36,100
167.136         5.632         3.5%         Income Tax Earmanking         161,504         167,136         5,632         3.5%         \$2,463,100         \$2,453,100 <th< td=""><td>1,459</td><td>98 48</td><td>(825)</td><td>~56.6%</td><td>Specific Other</td><td>1,459</td><td>634</td><td>(825)</td><td>-56.6%</td><td>24,100</td><td>24,100</td><td>24,100</td></th<>	1,459	98 48	(825)	~56.6%	Specific Other	1,459	634	(825)	-56.6%	24,100	24,100	24,100
\$1,754.260 \$117,388 7.2% TOTAL SCHOOL AID FUND \$1,636.872 \$1,754,260 \$117,388 7.2% \$11,496,300 \$111,853,300 \$11853,330 \$11,853,300 \$11853,330 \$11,853,300 \$11,853,	161,504	167,136	5,632	3.5%	Income Tax Earmarking	161,504	167,136	5,632	3.5%	\$2,368,800	\$2,453,100	\$2,453,100
\$661.167 \$64.021 10.7% SALESTAX 6% \$597,146 \$661.167 \$64.021 10.7% \$7,285,000 \$7,549,100 \$7,549,100 \$7,549,110 \$7,540,110 \$7,549,110 \$7,540,110 \$7,549,110 \$7,549,110 \$7,549,110 \$7,549,110 \$7,549,110 \$7,549,110 \$7,540,110 \$7,549,110 \$7,540,110	\$1,636,872	\$1,754,260	\$117,388	7.2%	TOTAL SCHOOL AID FUND	\$1,636,872	\$1,754,260	\$117,388	7.2%	\$11,496,300	\$11,853,300	\$11,853,300
450 899 44.088 10.8% SALESTAX 4%(d) 406.811 450.899 44.088 10.8% 4.505.000 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.394.00 51.396.00 5	\$597,146	\$661,167	\$64.021	10.7%	SALES TAX 6%	\$597 146	\$661 187	\$64 024	40.7%	47 205 000	67 540 400	64 640 400
210.266 19,933 10.5% SALES TAX 2% 190,334 210,268 19,933 10.5% 2,323,900 2,409,70 2,109,70 170,405 53,641 45,9% USE TAX 6% () 116,764 170,405 53,641 45,9% 1,378,400 1,428,60 1,428,60 82,524 4,077 5,2% TOBACCO TAXES 78,447 82,524 4,077 5,2% 938,000 917,900 917,90 0 (608) -100,0% TOBACCO SETTLEMENT 608 0 (608) -100,0% TOBACCO SETT	406,811	450,899	44.088	10.8%	SALES TAX 4%(d)	406.811	450 899	44 0B8	70.00	000,000	£ 430 400	001,640,19
170,405 53,641 45.9% USETAX 8% (f) 116,764 170,405 53,641 45.9% 1,378,400 1,428,600 1,	190,334	210,258	19,933	10.5%	SALES TAX 2%	190.334	210,268	19.933	10.5%	2,323,900	2409700	2,409,700
82,524 4,077 5.2% TOBACCO TAXES 78,447 82,524 4,077 5.2% 938,000 917,900 917,90	116.764	170.405	53.641	45.9%	USE TAX 6% (A	116 764	170.405	53 541	760 24	4 270 400	4 400 000	2,400,000
0 (608) -100.0% TOBACCO SETTLEMENT 608 0 (608) -100.0% na	78,447	82,524	4,077	5.2%	TOBACCO TAXES	78.447	82.524	4.077	*5.5%	000 838	4420,000	0,00,024,0
	809	0	(809)	-100,0%	TOBACCO SETTLEMENT	909		(ADR)	400.0%	2001000	200,110	200,110

continued

# Revenue Summary FY 2014-15 General Fund-General Purpose, School Aid, and Transportation Funds (in thousands)

For The Month Ended: October 31, 2014

Coctober   Coctober	•	MONTH	HEND CASH C	MONTH-END CASH COLLECTIONS DATA	DATA	OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA	IGH OCTOBER CA	SH COLLECTION	4S DATA		REVE	REVENUE PROJECTIONS	SNOL
Table   Tabl		č		37.0									
2013         2014         Amount         Percent         SOUNCE OF REVIENUE         FY 2013-14         FY 2014-15         Amount         Percent         Amount         Percent         Amount         Percent         Amount         Percent         Connection         Estinatory         Major Transportation Revenues           \$12.866         \$13.566         \$13.566         \$727         \$5.6%         Diesel Fuel / Motor Certier Fuel Tax         \$12.869         \$13.566         \$727         \$5.6%         \$150.000         \$151.000         \$150.00 <td< th=""><th>•</th><th>Ď</th><th>oper</th><th>Differe</th><th>nce</th><th></th><th>Year-to</th><th>≻Date</th><th>Differenc</th><th><b>6</b>2</th><th>FY 2013-14</th><th>FY 2014-15</th><th>FY 2014-15</th></td<>	•	Ď	oper	Differe	nce		Year-to	≻Date	Differenc	<b>6</b> 2	FY 2013-14	FY 2014-15	FY 2014-15
\$12,869         \$13,566         \$727         \$5.6%         Direct Fuel / Motor Cardier Fuel Fuel Fuel / Motor Cardier Fuel Fuel Fuel Fuel Fuel Fuel Fuel Fuel		2013	2014	401.000	2						May 2014	Statutory	May 2014
\$12,666         \$13,560         \$13,500         \$13,500         \$13,500         \$13,500         \$13,500         \$13,500         \$13,500         \$13,500         \$14,500         \$13,500 <t< td=""><td>•</td><td>2013</td><td>*107</td><td>Amount</td><td>Percent</td><td>SOURCE OF REVENUE</td><td>FY 2013-14</td><td>FY 2014-15</td><td>Amount</td><td>Percent</td><td>Consensus</td><td>Estimate</td><td>Consensus</td></t<>	•	2013	*107	Amount	Percent	SOURCE OF REVENUE	FY 2013-14	FY 2014-15	Amount	Percent	Consensus	Estimate	Consensus
\$12.869         \$12.869         \$13.566         \$727         5.6%         \$13.506         \$13.506         \$13.506         \$13.506         \$13.506         \$13.506         \$13.506         \$13.506         \$13.506         \$13.500         \$13.						Major Transportation Revenues							
74,352         76,067         1,715         2.3%         Gasoline         74,352         76,067         1,715         2.3%         818,000         815,000         815,000         815,000         815,000         815,000         815,000         815,000         815,000         815,000         815,000         946,500         815,000         946,500 <td></td> <td>\$12,869</td> <td>\$13,596</td> <td>\$727</td> <td>5.6%</td> <td>Diesel Fuel / Motor Carrier Fuel Tax</td> <td>\$12,869</td> <td>\$13,596</td> <td>\$727</td> <td>5.5%</td> <td>\$130,600</td> <td>\$131,500</td> <td>\$131 500</td>		\$12,869	\$13,596	\$727	5.6%	Diesel Fuel / Motor Carrier Fuel Tax	\$12,869	\$13,596	\$727	5.5%	\$130,600	\$131,500	\$131 500
71,033         73,355         2,322         3.3%         Motor Vehicle Registration         71,033         73,355         2,322         3.3%         91,510         44         0.5%         45,0%         945,500         946,900         946,		74,352	76,067	1,715	2.3%	Gasoline	74,352	76,067	1,715	2.3%	818,000	815,000	815,000
3.514         5,097         1,583         45,0%         Other Taxes, Fees & Misc.         3,514         5,097         1,583         45,0%         175,215         175,216		71,033	73,355	2,322	3.3%	Motor Vehicle Registration	71,033	73,355	2.322	3.3%	927.500	946.500	946 500
9,117         9,161         44         0.5%         Comprehensive Transportation (c)         9,117         9,161         44         0.5%         109,404         109,205           \$170,885         \$177,275         \$6,390         3.7%         TOTAL MAJOR TRANS. REVENUES         \$117,275         \$6,390         3.7%         \$2,160,718         \$2,178,554         \$		3,514	5,097	1,583	45.0%	Other Taxes, Fees & Misc.	3.514	5.097	1.583	45.0%	175 215	175.628	175.628
\$177.275         \$6.390         3.7%         TOTAL MAJOR TRANS. REVENUES         \$177.275         \$6,390         3.7%         \$2,160,718         \$2,178,554         \$2,178,554         \$2,180,718         \$2,178,554         \$2,180,718         \$2,178,554 <td></td> <td>9,117</td> <td>9,161</td> <td>4</td> <td>0.5%</td> <td>Comprehensive Transportation (c)</td> <td>9.117</td> <td>9.161</td> <td>4</td> <td>0.5%</td> <td>109 404</td> <td>109 926</td> <td>170,026</td>		9,117	9,161	4	0.5%	Comprehensive Transportation (c)	9.117	9.161	4	0.5%	109 404	109 926	170,026
64,092         66,285         2,193         3,4%         Instant Games (g)         Contery Sales By Games         64,092         66,285         2,193         3,4%         na         na         na           52,242         56,475         4,234         8,1%         na         na         na         na           24,171         27,923         3,752         15,5%         Lotto and Big Game         24,171         27,923         3,752         15,5%         na         na           836         755         (81)         -9,7%         Keno Game         836         755         (81)         -9,7%         na         na           44,494         44,929         44,924         44,924         44,924         44,924         10%         na         na           \$189,564         \$197,826         \$8,262         4,4%         74,924         \$10%         na         na		\$170,885	\$177,275	\$6,390	3.7%	TOTAL MAJOR TRANS. REVENUES	\$170,885	\$177,275	\$6,390	3.7%	\$2,160,718	\$2,178,554	\$2,178,554
64,092         66,285         2,193         3.4%         Instant Games         10 mode         10 mode <th< td=""><td></td><td></td><td><u></u></td><td></td><td></td><td>Lottery Sales By Games</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>			<u></u>			Lottery Sales By Games							
52,242         56,475         4,234         8.1%         na           8189,564         \$197,826         \$197,826         \$197,826         \$197,826         \$4.4%         \$4.4%         \$4.4%         na         na         na		64,092	66,285	2,193	3.4%	Instant Games (g)	64,092	66,285	2,193	3,4%	E	80	ë
24,171         27,923         3,752         15.5%         Lotto and Big Game         24,171         27,923         3,752         15.5%         na         na         na           836         755         (81)         -9,7%         Keno Game         836         755         (81)         -9,7%         na         na           3,729         1,459         (2,270)         -60.9%         na         na         na         na           44,494         44,929         44,924         44,924         44,929         435         1,0%         na         na           \$189,564         \$197,826         \$8,262         4,4%         na         na         na         na		52,242	56,475	4,234	8.1%	Daily Games	52,242	56,475	4,234	8.1%	· 2	· 6	9 6
836         755         (81)         -9.7%         Keno Game         836         755         (81)         -9.7%         na         na         na           3,729         1,459         (2,270)         -60.9%         na         na         na         na           44,494         44,929         43,929         435         1.0%         na         na           \$189,564         \$197,826         \$8,282         4,4%         na         na         na		24,171	27,923	3,752	15.5%	Lotto and Big Game	24,171	27,923	3.752	15.5%	! 2	7 E	2 2
1.459 (2.270) -60.9% Other 3.729 1.459 (2.270) -60.9% na na 44.929 43.520 1.0% Club Games 44.434 44.929 43.520 4.4% na na si97.826 \$8.262 4.4% TOTAL LOTTERY SALES \$189,564 \$197,826 \$8.262 4.4% na na		836	755	(81)	-9.7%	Keno Game	836	755	(81)	-9.7%	2	. e	) e
44,929         436         1.0%         Club Games         Club Games         44,494         44,929         435         1.0%         Ina         Ina         Ina           \$197.826         \$8,262         4.4%         TOTAL LOTTERY SALES         \$189,564         \$197,826         \$8,282         4.4%         Ina		3,729	1,459	(2,270)	-60,9%	Other	3,729	1,459	(2,270)	%6.09-	. E	: EU	
\$197,826 \$8,262 4.4% TOTAL LOTTERY SALES \$189,564 \$197,826 \$8,282 4.4% na na na	•	44,494	44,929	435	1.0%	Club Games	44,494	44,929	435	1.0%	· 2	na na	2
		\$189,564	\$197,826	\$8,262	4.4%	TOTAL LOTTERY SALES	\$189,564	\$197,826	\$8,262	4.4%	na	na	na

a GF-GP Sales has been adjusted based on CTF, Health Initiative, and Constitutional Revenue shares.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate

of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

d 2% collections adjusted to reflect exemption on residential utilities.

e Non-tax revenue items other than interest are estimates.

f In June, 2014 Public Act 161 retroactively (back to April 2014) expanded the use tax to include Health Maintenance Organizations. The May 2014 Consensus projections do not include this legislative change.

g Beginning in October 2014, Instant Games includes iLottery net win amounts.

# Economic Highlights (All data seasonally adjusted unless otherwise noted.)

# U.S. Economy

## **Index of Consumer Sentiment**



Source: University of Michigan, Survey Research Center

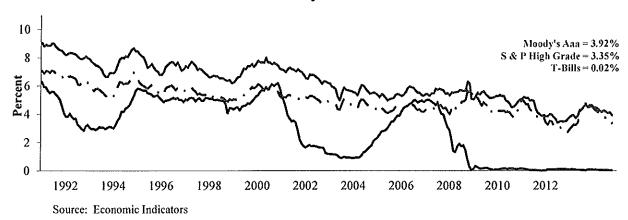
The Index of Consumer Sentiment increased in October to 86.9 index-points, 2.3 index-points above the September value and 13.7 index-points above October 2013. On the increase in confidence, Survey Director Richard Curtin noted, "Consumer Sentiment rose a bit more in late October, reaching its highest level since July of 2007; the current Sentiment reading was just above its long-term average of 85.7, calculated over the more than sixty years since it was first measured in 1952. The October gain was due to improved personal finances and a more favorable outlook for the overall economy. Consumers reported the most favorable personal financial expectations as well as the most favorable year-ahead outlook for the national economy in the past seven years. Consumers expected modest gains in their incomes, some further increase in employment, and a low stable inflation rate. Although lower gasoline prices did not spark the gains, falling prices at the pump will certainly free-up more of their budgets for other spending." Curtin observed, "Consumers gave the most positive ratings in more than a decade when asked to evaluate the current state of the economy. Nearly six-in-ten consumers reported that the economy had improved, with even more positive ratings recorded among upper income households." On buying attitudes, Curtin reported, "Households with incomes in the top third reported much more favorable buying attitudes for household durables as well as vehicles in the October survey. Among upper income households, 44% mentioned the availability of low prices on household durables, up from 34% one month and one year earlier, and 43% mentioned low prices on vehicles, up from 36% one month earlier and 29% one year ago." In October, consumers in two of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence at 7.6 index-points, followed by Midwestern consumers with an increase of 5.4 index-points. Northeastern and Southern consumers both reported a decrease in confidence of 1.0 index points. The gap across regions decreased from last month to 8.7 index-points, with Western consumers on top and Southern consumers on the bottom.

The advance estimate of real *Gross Domestic Product* for the third quarter of 2014 is \$16,150.6 billion (chained 2005 dollars), an increase of 3.5 percent at an annual rate. In the second quarter of 2014, real gross domestic product increased 4.6 percent. The increase in third quarter real GDP was mainly due to private inventory investment, exports, personal consumption expenditures, nonresidential fixed investment and residential fixed investment. Imports, which are a subtraction in calculating GDP,

decreased. Real personal consumption expenditures increased 1.8 percent in the third quarter, compared to a 2.5 percent increase in the second quarter. Real residential fixed investment increased 1.8 percent in the third quarter compared to an increase of 8.8 percent in the second quarter. Real nonresidential fixed investment increased 5.5 percent in the third quarter while real equipment expenditures increased 7.2 percent. Real federal government expenditures increased 10.0 percent in the third quarter, compared to a 0.9 percent decrease in the second quarter. Real state and local government spending increased 1.3 percent in the third quarter, compared to a 3.4 percent increase in the second quarter. Exports of goods and services increased 7.8 percent in the third quarter, compared to a 11.1 percent increase in the second quarter. Imports decreased 1.7 percent in the third quarter compared to an increase of 11.3 percent in the second quarter. Private inventory investment increased \$62.8 billion in the third quarter, following a \$84.8 billion increase in the second quarter. Real final sales increased 4.2 percent in the third quarter compared to an increase of 3.2 percent in the second quarter. On the inflation front, the implicit price deflator increased 1.3 percent in the third quarter compared to a 2.1 percent increase observed in the second quarter.

*U. S. retail prices*, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in September, up from the 0.2 percent decrease in August. Energy prices decreased 0.7 percent in September, up from a 2.6 percent decrease in August, while the all-items less food and energy component increased 0.1 percent in September. Compared to September 2013, the all-items index increased 1.7 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.9 percent; medical care, 2.0 percent; apparel, 0.5 percent; education and communication, 1.3 percent; other goods and services, 1.6 percent; housing, 2.6 percent; recreation, 0.1 percent; and transportation, -0.8 percent, with gasoline prices down -3.6 percent.

# Selected Key Interest Rates

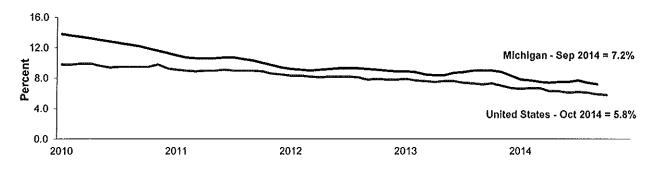


Short-term interest rates remained unchanged in October as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate was down 0.04 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.19 percentage point to an interest yield of 3.92 percent in October. The Aaa bond yield was down 0.53 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.20 percentage point from the September level to 3.55 percent in October and was down 1.15 percentage points from its year-ago level. The Federal Open Market Committee kept the target range for the federal funds rate between 0 and 0.25 percent at the October 29th meeting. The FOMC stated "the Committee today reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0 to ½ percent target range for the federal funds rate, the Committee will assess

progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation." The Committee "seeks to foster maximum employment and price stability."

In October, the **U. S. unemployment rate** decreased 0.1 percentage point from a month ago to 5.8 percent and was 1.4 percentage points lower than a year ago. Civilian employment totaled 147.3 million persons in October. The number unemployed was 9.0 million nationwide.

# Unemployment Rates 2010 - 2014



Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In September, the **Michigan jobless rate** decreased 0.2 percentage point to 7.2 percent from August. The September unemployment rate is 1.6 percentage points below the year ago level. In September, the labor force rose 3,000 to 4,733,000, while the number of people employed increased by 9,000 to 4,391,000. In September, there were 342,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

**Detroit retail prices**, as measured by the Detroit Consumer Price Index (CPI-U), decreased 1.0 percent from June to August compared to a 0.5 percent increase from April to June. The all-items less food and energy index decreased 0.4 percent from June to August. The food index increased 0.1 percent from June to August while the energy index decreased 6.1 percent. Compared to August 2013, the all-items index increased 1.0 percent. For individual component items, the changes from one year ago were: food and beverages, 2.0 percent; apparel, 0.7 percent; education and communication, 4.4 percent; transportation, -1.2 percent; recreation, -5.0 percent; medical care, 0.9 percent; housing, 2.8 percent; and other goods and services, -1.8 percent.

## **Motor Vehicle Sector**

2009

# U. S. Light Vehicle Sales 20.0 15.0 5.0 0.0

2012

2013

2011

Source: Bureau of Economic Analysis

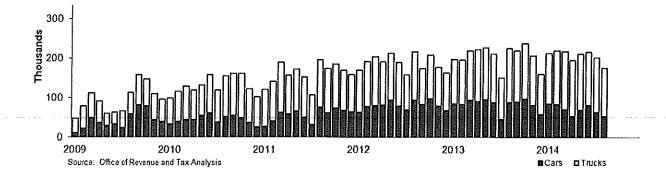
2010

■Cars □Lt Trucks

U.S. light vehicle sales (cars + light trucks) increased 0.1 percent in October compared to September, selling at a 16.3 million unit seasonally adjusted annual rate. Domestic car sales increased 4.8 percent from September while domestic light truck sales decreased 1.0 percent. Import car sales decreased 2.4 percent while import light truck sales decreased 8.6 percent. Compared to last year, light vehicle sales increased 7.0 percent. Domestic car sales were up 8.9 percent from the year ago level while domestic light truck sales increased 12.0 percent. Import car sales were down 9.9 percent from last year while import truck sales increased 1.6 percent. As a result, the domestic share of U.S. light vehicle sales increased 2.6 percentage points from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded an 80.2 percent share of a 16.3 million-unit market.

Michigan motor vehicle production increased to 188,197 units in October from 177,056 units in September. From a year ago, motor vehicle production decreased 21 percent in Michigan and increased 1 percent nationally. In October, Michigan's car production was 68,900 units while the state's truck production was 119,297 units. Compared with a year ago, car production decreased 30 percent in Michigan and increased 3 percent nationwide. The state's truck production decreased 15 percent while national truck production decreased 1 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

# Michigan Motor Vehicle Production



# Summary Estimates of the Constitutional Revenue Limit Based on the May 15, 2014 Consensus Revenue Agreement (Article IX, Section 26)

(in millions)

	Fiscal Year	Fiscal Year	Fiscal Year
	2012-13	2013-14	2014-15
	Actual	Estimate	Estimate
Applicable Calendar Year Personal Income	\$358,152	\$378,443	\$388,053
Section 26 Base Ratio	<u>9.49%</u>	<u>9.49%</u>	9.49%
Revenue Limit	\$33,988.6	\$35,914.2	\$36,826.2
Revenue Limit	\$33,988.6	\$35,914.2	\$36,826.2
State Revenue Subject to Limit	\$27,441.1	\$28,171.5	\$29,195.7
Amount Under (Over) Limit	\$6,547.6	\$7,742.8	\$7,630.5

## Sources:

### Personal Income Estimate

The FY 2012-13 calculation uses the official personal income estimate for calendar year 2011 (Survey of Current Business, October 2012).

The FY 2013-14 calculation uses the May 15, 2014 Consensus Revenue Agreement.

The FY 2014-15 calculation uses the May 15, 2014 Consensus Revenue Agreement.

### Revenue Subject to the Limit

The FY 2012-13 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2013.

The FY 2013-14 calculation uses the May 15, 2014 Consensus Revenue Agreement.

The FY 2014-15 calculation uses the May 15, 2014 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury